

AN ACT

RELATING TO THE SCHOOL BUDGET REVIEW COMMITTEE BY MODIFYING ITS MEMBERSHIP AND BY MODIFYING THE COMMITTEE'S DUTIES RELATED TO SCHOOL DISTRICT UNUSUAL FINANCIAL CIRCUMSTANCES AND INCLUDING EFFECTIVE DATE PROVISIONS.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

Section 1. Section 257.2, Code 2009, is amended by adding the following new subsection:

NEW SUBSECTION. 13. "*Unexpended fund balance*" means a school district's unreserved and undesignated fund balances.

Sec. 2. Section 257.30, subsection 1, Code Supplement 2009, is amended to read as follows:

1. A school budget review committee is established in the department of education and consists of the director of the department of education in an ex officio, nonvoting capacity, the director of the department of management, and ~~three~~ four members who are knowledgeable in the areas of Iowa school finance or public finance issues appointed by the governor to represent the public. At least one of the public members shall possess a master's or doctoral degree in which areas of school finance, economics, or statistics are

an integral component, or shall have equivalent experience in an executive administrative or senior research position in the education or public administration field. The members appointed by the governor shall serve staggered three-year terms beginning and ending as provided in section 69.19 and are subject to senate confirmation as provided in section 2.32. The committee shall meet and hold hearings each year and shall continue in session until it has reviewed budgets of school districts, as provided in section 257.31. The committee may call in school board members and employees as necessary for the hearings. The committee's scheduled hearing agendas and the minutes of such hearings shall be posted on the department of education's internet ~~website~~ site. Legislators shall be notified of hearings concerning school districts in their legislative districts.

Sec. 3. Section 257.31, subsection 5, unnumbered paragraph 1, Code Supplement 2009, is amended to read as follows:

If a district has unusual circumstances, creating an unusual need for additional funds, including but not limited to the ~~following~~ circumstances enumerated in paragraphs "a" through "n", the committee may grant supplemental aid to the district from any funds appropriated to the department of education for the use of the school budget review committee for the purposes of this subsection, ~~and such~~. The school budget review committee shall review a school district's unexpended fund balance prior to any decision regarding unusual finance circumstances. Such aid shall be miscellaneous income and shall not be included in district cost, or. In addition to or as an alternative to granting supplemental aid the committee may establish a modified allowable growth for the district by increasing its allowable growth, or both. The school budget review committee shall review a school district's unspent balance prior to any decision to increase modified allowable growth under this subsection.

Sec. 4. Section 257.31, subsection 7, paragraph a, unnumbered paragraph 1, Code Supplement 2009, is amended to read as follows:

The committee may authorize a district to spend a reasonable and specified amount from its unexpended ~~cash~~ fund balance for the following purposes:

Sec. 5. Section 257.31, subsection 7, paragraph b, Code Supplement 2009, is amended to read as follows:

b. Other expenditures, including but not limited to expenditures for salaries or recurring costs, are not authorized under this subsection. Expenditures authorized under this subsection shall not be included in allowable growth or district cost, and the portion of the unexpended ~~cash~~ fund balance which is authorized to be spent shall be regarded as if it were miscellaneous income. Any part of the amount not actually spent for the authorized purpose shall revert to its former status as part of the unexpended ~~cash~~ fund balance.

Sec. 6. Section 257.31, subsection 14, paragraph b, subparagraph (3), Code Supplement 2009, is amended to read as follows:

(3) A school district is only eligible to receive supplemental aid payments during the budget year if the school district certifies to the school budget review committee that for the year following the budget year it will notify the school budget review committee to instruct the director of the department of management to increase the district's allowable growth and will fund the allowable growth increase either by using moneys from its unexpended ~~cash~~ fund balance to reduce the district's property tax levy or by using cash reserve moneys to equal the amount of the deficit that would have been property taxes and any part of the state aid portion of the deficit not received as supplemental aid under this subsection. The director of the department of management shall make the necessary adjustments to the school district's budget

to provide the modified allowable growth and shall make the supplemental aid payments.

Sec. 7. Section 298.10, Code Supplement 2009, is amended by adding the following new subsection:

NEW SUBSECTION. 1A. For fiscal years beginning on or after July 1, 2009, if the school budget review committee determines that a school district's unexpended fund balance is in excess of the amount necessary for operations, the school budget review committee shall direct the school district to use the unexpended fund balance in lieu of levying property taxes and shall direct the department of management to do one of the following:

a. For the fiscal period beginning July 1, 2009, and ending June 30, 2012, limit the school district's cash reserve levy to a level that is not excessive as determined by the school budget review committee.

b. For fiscal years beginning on or after July 1, 2012, limit the school district's cash reserve levy to a level that is not excessive as determined by the school budget review committee and does not exceed the cash reserve limitation in subsection 2.

Sec. 8. Section 298.10, subsection 2, Code Supplement 2009, is amended to read as follows:

2. For fiscal years beginning on or after July 1, 2012, the cash reserve levy for a budget year shall not exceed twenty percent of the general fund expenditures for the year previous to the base year minus the ~~general fund~~ unexpended fund balance, as defined in section 257.2, for the year previous to the base year.

Sec. 9. EMERGENCY RULES. The department of education may adopt emergency rules under section 17A.4, subsection 3, and section 17A.5, subsection 2, paragraph "b", to implement the provisions of this Act, and the rules shall be effective immediately upon filing unless a later date is specified in the rules. Any rules adopted in accordance with this section shall also be published as a notice of intended action as provided in section 17A.4.

Sec. 10. EFFECTIVE UPON ENACTMENT. This Act, being deemed of immediate importance, takes effect upon enactment.

PATRICK J. MURPHY
Speaker of the House

JOHN P. KIBBIE
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 2030, Eighty-third General Assembly.

MARK BRANDSGARD
Chief Clerk of the House

Approved _____, 2010

CHESTER J. CULVER
Governor